

Chambers
2000

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Comptroller

24 July 1953

Chief, Finance Division

Cash Discrepancies

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1. Reference is made to staff study of 24 July 1953 regarding cash discrepancies at the [] Station. Due to the small amounts involved and the experience of the principals involved, we have not obtained specific details as to the manner in which cash is handled and safeguarded, although such is our normal practice.

2. This case, however, again points up a weakness in our accounting and cash procedures which I feel requires early consideration. Specifically, I refer to the absence of positive instructions in [] as to the manner and detail of reporting cash differences and to the lack of accounting instructions with respect to the recording of such items.

3. It would be my suggestion that regulations be revised to provide a "cash over and short" account wherein would be recorded all unexplained cash differences as they occur. Periodically (preferably at end of fiscal year) the account would be closed to income or expense as the case may be. Monthly the account would be reflected on the trial balance as part of the accountability of the station and the monthly balance would be supported by a schedule of the detail making up the balance. In the case of Class B accountings the balance of the account would be shown as an increase or deduction in the total accountability, as appropriate. Specific standards should be devised for writing off differences whereby amounts considered to be nominal could be written off with approval of the Chief of Station. Larger amounts and unusual items would be written off only with prior approval of Headquarters.

4. In addition to accounting instructions, regulations should provide specific instructions as to the measures to be taken and reports to be rendered where cash differences (of significant amounts or under questionable circumstances) occur. For example, Finance Division has adopted the practice in current cases to require the station involved to submit a report of investigation by at least two persons (at least one of which is a finance employee, if such is assigned to the station) specifically covering the following points:

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- a. Details of procedures for []
- b. Facilities available and []

SEE REVERSE FOR DECLASSIFICATION ACTION

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- c. Identities of person(s) designated as custodians of cash.
- d. Persons having access to cash.
- e. Manner and circumstances under which difference occurred.
- f. Opinion as to whether difference was caused by negligence or improper handling.
- g. Recommendation of Chief of Station as to disposition of difference.

5. This matter appears to be appropriate for consideration by the Technical Accounting Staff and I suggest that that staff be requested to review the matter and develop procedure and policy recommendations. Finance Division will, of course, be glad to render whatever assistance it can in the matter.

FD/LEB:mfn

To Comp. 7/27

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